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THE RICE SITUATION  
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BACKGROUND.-- Both rice acreage and yield per acre in the United States have increased in recent years. The seeded acreage in each of the past 4 years (1937-40) exceeded 1 million acres and averaged 1,078,000 acres, compared with the 5-year (1932-36) average of 856,000 acres. Yields per seeded acre have increased steadily from 38.7 bushels in 1925 to 51.7 bushels in 1939, and a 5-year (1936-40) average of 49.6 bushels.

Increased production from larger acreage and yields resulted in large carry-overs in recent years, without corresponding increases in foreign trade and domestic disappearance. Exports in the last 3 years have increased, reflecting increased trade with Cuba, but domestic disappearance (except for 1936-37 and 1937-38, when large quantities of California rice were used as feed) has not changed materially in recent years.

As a result of large supplies in 1937-38 and 1938-39, rice prices were at low levels. In 1939-40 prices were higher, reflecting the war situation, and in 1940-41 they are again reflecting increased foreign and domestic disappearance

THE OUTLOOK FOR 1941

The rice outlook for 1941-42 points to: (1) An increase in seeded acreage in 1941 over 1940, (2) a continuation of the larger than usual exports which developed in 1940-41, (3) a continued high level of domestic disappearance, and (4) a small carry-over at the beginning of the new season.

Prospective acreage up 6 percent to second largest in United States history

A rice acreage of 1,154,000 acres for the four rice-producing States is indicated by reports from growers regarding their acreage plans. Except for 1920, when the total was 1,299,000 acres, this is the largest acreage in the history of the United States. It is 64,000 acres (6 percent) larger than the acreage seeded a year ago, and 211,000 acres more than the 10-year (1930-39) average. Reports from Louisiana growers indicate an increase in rice acreage compared with last year of 2 percent; from Texas growers, 10 percent; Arkansas, 10 percent; and California 5 percent.

Preparation of the soil for planting the new crop has been delayed in the Southern States by rains; and in California large acreages of the heavier rice lands are in a soggy and wet condition from temporary flooding by the winter rains and seepage, and drying weather is needed to put these lands in condition to be worked.

Domestic rice prices have advanced sharply

Domestic rice prices are now at the highest level since September 1939, when the market advanced sharply at the outbreak of the European war. The advance during the current season has resulted from rapidly diminishing supplies and active domestic and foreign demand. Undoubtedly, the increase in prospective acreage was influenced by the higher level of prices.

March 1 rice stocks small

Only about 1,200,000 barrels of rough rice remained in first hands in Southern States on March 1, compared with 4,200,000 barrels a year earlier. Mills, however, held nearly 800,000 barrels more rice than on March 1, 1940, so that total supplies of southern rough rice March 1, 1941, were approximately 2,320,000 barrels less than a year earlier. Stocks of rough rice in California March 1 were about 250,000 bags smaller than a year earlier and totaled 3,302,931 bags.

Supplies of rice in the Southern States in terms of milled rice on March 1, on the basis of growers' and millers' reports of remaining stocks, totaled approximately 4,754,000 pockets compared with 7,070,000 pockets March 1, 1940.

United States exports increase with decreased oriental competition; domestic disappearance larger

Distribution of southern milled rice during the 7 months ended February was 8,697,362 pockets, or approximately 1,280,000 pockets more than during the same months last season. Shipments of California rice from mills, including

heads, second heads, and screening in October-February were 813,746 bags or pockets, making a total United States distribution for the year to date of 9,511,108 pockets.

The demand for American rice by Cuba is large this year on account of decreased competition from oriental rice in this market, and prospects are that this increased demand will continue in 1941-42. For the 6 months ended with January exports of milled rice to Cuba totaled 1,522,530 pockets compared with 902,470 pockets for the same period a year earlier. Of the total exports of 1,689,201 pockets of milled rice in the 6-month period all but 166,671 pockets, or 10 percent, were exported to Cuba. The lack of ocean freight has reduced Cuban imports of oriental rice to negligible quantities. Also, supplies remaining for export in the rice surplus-producing countries of southern Asia have been reduced because of large takings by Japan.

With shipments to Hawaii, Puerto Rico, Alaska, and the Virgin Islands amounting to 1,598,366 pockets for the 6 months ended with January, exports and shipments of milled rice total 3,287,567 pockets. Assuming that exports and shipments during February were about the same as the average of December and January, exports and shipments to March 1 this season will total approximately 3,887,000 pockets compared with 3,596,000 pockets for the corresponding 7 months last season.

The foregoing data suggest a domestic disappearance to March 1 of 5,625,000 pockets, or 1,315,000 pockets more than for the corresponding months last year. With increased employment and pay rolls in prospect in 1941-42, domestic demand is expected to continue strong or to expand further in the new marketing year.

Carry-over of old rice to be small

Remaining combined supplies of southern and California rice March 1 were but little larger than distribution from March through the remainder of the marketing year in 1939-40. This indicates that the carry-over of old rice at the time of the new crop may be very small. Shipments from southern mills from March through July 1940 totaled 4,957,586 pockets. Shipments of milled head rice by California mills March through September totaled 1,226,897 bags, or the equivalent of 2,453,794 bags of rough rice.